The Push and Pull Factors of Development

In East Palo Alto, CA

By

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Dr. Michael Hibbard

The City of East Palo Alto was once viewed as one of the most dangerous cities in the San Francisco Bay Area. The city has recently been experiencing dramatic changes in demographics as well as economic development which were not present 15 years ago when the city was viewed as an unsafe, economically depressed city by many outsiders. What is evident is that the city has changed dramatically since major development began in the late 1990's. Some local officials contend that the incorporation of a tax base economy and retail center can be viewed as a sign of progress and continued rejuvenation of the city. Others, particularly those that have witnessed development at a cost to both residential character and uproot of local businesses, argue that the city is becoming significantly less welcoming and, at times, dismissive of its long time residents. Using qualitative data, most notably interviews with city officials, local housing support agencies, and current residents, I uncover what people really perceive of this rapidly developing community as well as discovering the real factors of development. What is known is that benefits have surfaced because of gentrifying forces in the city. It has prospered by establishing itself as retail destination for a number of surrounding communities. Findings also reveal that East Palo Alto is experiencing increased gentrification resulting in displacement of area residents and local businesses.

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Chapter 1, Problem Statement

Introduction

This terminal project explores the issues of development, demographic change and gentrification that have occurred in East Palo Alto since the late 1990's. The city is experiencing dramatic changes in demographics as well as economic development which were not present 15 years ago when East Palo Alto was viewed as an unsafe, economically depressed city by many. The City of East Palo Alto is situated 35 miles south of San Francisco, at the southern edge of San Mateo County. The city is bounded by the city of Palo Alto on the west and south, the city of Menlo Park on the west and north, and San Francisco Bay on the east. In this location, it is near the heart of Silicon Valley.

As talk begins about the rebirth of East Palo Alto, the renaissance being proclaimed is not a rebellion against past values, but an immediate, high-impact demonstration of the old real estate motto: *location, location, location*. Homeowners, who can't afford to live in surrounding cities, have started to move into East Palo Alto. They are looking to a community that is likely to become one of the last affordable areas for those living and working in Silicon Valley. Many of the cities in question such as Palo Alto, Menlo Park, Mountain View and Atherton have simply become too expensive to rent or buy a home in. East Palo Alto offers access to both San Francisco and the South Bay, where many technology firms are located, due to its centralized location in the Lower Peninsula. Stanford and Palo Alto share a border with the city of approximately 32,000 residents. As one resident stated "We're not experiencing anything unusual. We're the last bastion of affordable housing and underdevelopment. We are it and we're like a gold mine".

Research Question

A study of East Palo Alto, CA will explore the significant economic and social changes that have resulted in revitalization, reinvestment, and the beginning of gentrification. My specific research questions are: What combination of push factors-external forces coming from economic pressures of surrounding areas, and pull factors- emanating from local government leadership taking advantage of city's resources like location and affordable land, have made East Palo Alto what it is like today? To what extent have the city's development practices led towards gentrification, as opposed to external forces determining the economic fate of East Palo Alto? If gentrification is occurring, what are the impacts on established long term renters, homeowners, and merchants? Are the people of East Palo Alto encouraged or discouraged by recent change?

Though there are a number of ways to define gentrification, I use the term to assert the change in an urban or suburban area associated with the movement of more affluent individuals into a less affluent area. The process of gentrification sometimes occurs in the midst of the revitalization process. Revitalization usually consists of some type of reinvestment, which is categorized as the flow of capital into a neighborhood/community primarily to upgrade its physical components. This capital may come from a public agency, non-profit, or private funds associated with economic development. In addition, gentrification often entails the moving away of less affluent residents. Thus, the push and pull factors are the forces that act to drive people because of external forces (push) and the internal forces, from the city, that draw them to a new location (pull).

Importance of the Study

This terminal project on gentrification, redevelopment and economic change in East Palo Alto is reflective of an evolving community. In the previous decade and a half the process of

change has struck the city that was once a haven for crime and poverty. The question of how and why East Palo Alto became what it is today should be further explored. The racial component to this case study is also of significance.

In addition, this terminal project research contributes to filling yet another gap in the gentrification literature, the relationship between ethnicity and gentrification. East Palo Alto has had a rich history of cultural impact therefore it is a critical study of gentrification in a diverse enclave of the San Francisco Bay Area.

Balance of Study

This introduction serves as a beginning chapter for the rest of the paper. In chapter I, there is an overview of the conditions in East Palo Alto that have led to major development and the first signs of gentrification. Chapter II focuses on the body of research on gentrification over the span of several decades, beginning in the early 1970's. The chapter stresses the importance of politically led development and what it means to communities.

Chapter III has two key parts. One focuses on the theories of gentrification while the other outlines the methods used to conduct this case study. Production and consumption-oriented explanations of gentrification are explored in the first section, as well as different gentrification models. In the second part of this chapter, the choice of the mixed methods approach in this case study is explored. All qualitative data sources are presented and accompanied by a justification for their use.

Chapter IV provides the reader with a historical background of East Palo Alto. This chapter also introduces the changes that have taken place in the area. In order to set the stage for the analysis and conclusions chapters that follow, this chapter also briefly discusses the forces

driving gentrification and displacement in East Palo Alto, as well as the exterior forces influencing city and its leaders.

Chapter V concentrates on the results of qualitative data collected for this project. The data is discussed at length and help reach conclusions with respect to the consequences of gentrification and the push and pull factor in East Palo Alto.

Chapter VI is the conclusions and recommendations section. I will restate the research question, determine results, and then make recommendations.

Chapter 2, Literature Review

In conducting a case study of development and gentrification, one must look at the relevant literature associated with the topics. Until the middle of the 20th century, the topic of gentrification was largely non-existent. The 1960s and 1970s are when gentrification studies of urban areas came into view. This chapter provides an overview of research on gentrification and development. The literature reviewed in this chapter examines the causes and effects of the process of gentrification and looks at the multiple agents involved in the process.

Gentrification and Displacement in the 21st Century

In the 21st century, gentrification begins to be alternatively referred to as regeneration, revitalization, renaissance, and residentialization with respect to displacement of other economic activities. Displacement also receives new labels, professionalization being the most prominent. It refers to neighborhood residents' advancement in social class, which supposedly affects everyone in the area and therefore no one gets displaced. Tom Slater (2006) points out that in the 21st century gentrification research has lost its focus on rent increases and displacement, and began to concentrate on the “hip” factor connected to the phenomenon. Gentrification is often thought of as a "healthy economic present and future for cities across the globe" (Slater 2006:738). It is no longer a "dirty word" as first referred to by Neil Smith in 1996. A Miami architect, Andres Duany, published a short piece entitled "Three Cheers for Gentrification" in a 2001 issue of the American Enterprise. Duany states: "Gentrification rebalances a concentration of poverty by providing the tax base, rub-off work ethic, and political effectiveness of a middle class and in the process improves the quality of life for all of a community's residents. It’s the rising tide that lifts all boats" (2001:37). Duany also mentions that

gentrification-led displacement is a myth, given that gentrifying neighborhoods are not being taken away from the poor, they are simply returning to their natural state from a few decades ago. Another cheer for gentrification comes from Georgetown law professor Peter Byrne, in his 2003 article "Two Cheers for Gentrification". Byrne's argument is that gentrification is good on balance for the poor and ethnic minorities. Arguably the most negative effect of gentrification, the reduction in affordable housing, results primarily not from gentrification itself, but from the failure of government to produce or secure affordable housing more generally.

Hackworth and Smith in their 2001 article provide a thorough guide through the evolving definition of gentrification, as seen over the years. Moreover, Hackworth (2002) provides a short definition of gentrification, in hopes of ending the debate once and for all. According to his understanding, gentrification is "the production of space for progressively more affluent users" (Hackworth 2002:815). A few examples of the never ending definition debate include Boddy and Lambert (2002), Tallon and Bromley (2004), and Bromley, Tallon and Thomas (2005). Boddy and Lambert (2002) use the term gentrification but exclude the "class transformation" aspect of its definition. Bromley et al. (2005) move even further, and claim that the phenomenon they are researching is actually residentialization and not gentrification. Their understanding of residentialization is the replacement of all other land uses with housing and it is a "response to the new spaces and opportunities created by deindustrialization, decentralization and suburbanization" (Bromley et al. 2005:2423). They argue that residentialization is a positive process since it recycles derelict land and buildings and results in more compact cities. Unfortunately, the forces that Bromley et al. claim to be driving residentialization, to most scholars, especially Smith (2002), actually further the process of gentrification.

Another critical piece to this study is uncovering the effects of gentrification on a relatively small community, like East Palo Alto. Atkinson (2002), in a review of over one hundred gentrification studies, finds that: "...majority of research evidence on gentrification points to its detrimental effects" (p. 20). Furthermore, his gentrification research finds: "displacement and moving around of social problems rather than a net gain either through local taxes, improved physical environment or a reduction in the demand for sprawling urban development" (Atkinson, 2002:21).

Another theme running through gentrification literature is displacement, or rather lack of it. Atkinson (2000) brings up the issue of invisibility of displacees, who are no longer around to be counted. Newman and Wyly (2006) repeat Atkinson's observation by stating: " ...it is difficult to find people who have been displaced, particularly if these people are poor…By definition, displaced residents have disappeared from the very places where researchers and census takers go to look for them" (p 27). Hamnett (2003) seems to be one of the gentrification skeptics and opts for a different understanding of the phenomenon taking place. "The transformation which has taken place in the occupational class structure of London has been associated with the gradual replacement of one class by another, rather than large-scale direct displacement" (Hamnett 2003:2454). He refuses to admit that regardless of a lack of quantitative evidence, displacement, rather than professionalization, has occurred. Once again the thesis of the 'blanking-out' of the working classes is presented, exactly as it was in Butler (2003).

Freeman and Braconi's (2002) research on gentrification-led displacement resulted in somewhat surprising observations. According to the authors, low-income residents of gentrifying neighborhoods were more likely to stay in the neighborhood rather than relocate, as they desired the improved services, safety and aesthetics of the neighborhood. These results were "seen by the

media and policy-makers as having put a verdict on gentrification and displacement" (Slater 2006:748). Freeman and Braconi did note that through shrinking the numbers of affordable housing-units the poor get adversely affected by the middle class; however, that point was lost on the media and the policy-makers. Freeman later published a clarification to his original research in 2005, pointing at the inflation of housing prices as being the primary concern in gentrifying neighborhoods. "Households that would have formerly been able to find housing in gentrifying neighborhoods must now search elsewhere....Moreover, although displacement may be relatively rare in gentrifying neighborhoods, it is perhaps such a traumatic experience to nonetheless engender widespread concern" (Freeman 2005:488).

Newman and Wyly (2006) respond to Freeman and Braconi (2002) with a detailed analysis of the New York City Housing and Vacancy Survey (NYSHVC) data as well as 33 interviews with community members and activists in the seven gentrifying New York City neighborhoods identified by Freeman and Braconi. Newman and Wyly acknowledge that the NYCHVS dataset has its shortcomings and therefore any speculation on displacement is difficult to make. They do find that the rate of displacement in New York City varied between six and ten percent each year between 1989 and 2002. Even though, it is a small rate in a city of eight million, it cannot be ignored. Based on their interviews, gentrification-induced displacement is evident in all boroughs of New York City.

Newman and Wyly also look at low-income residents who do not get displaced but seek strategies to stay put in gentrifying neighborhoods. This is one group that is not considered by any data set. It becomes evident through their interviews that many immigrants, elderly or low-income residents double or triple-up, move in with family or enter the city shelter system in order to cope with increasing rents.

Politics of Gentrification

Although most case studies on gentrification focus on its characteristics, the study of East Palo Alto requires a focus on the local politics accompanying gentrification. The author of *Politics of Gentrification, The Case of West Town in Chicago* (Betancur, 2002) examines the local dialectics of power associated with gentrification in the community of West Town in Chicago. This analysis suggests that irreconcilable issues of class, ethnicity, and race drive the politics of gentrification in West Town. Betancur focuses on three main literature pieces that are particularly relevant to this analysis. The first is explicitly centered on the politics of urban renewal (Rossi and Dentler, 1961). The second describes the displacement of Puerto Rican minorities in Chicago's Hyde Park area (Padilla, 1987). The third, and most well known article, is that of Neil Smith's study of Harlem, *Gentrification and the Revanchist City* (Smith, 1996).

Would a representative survey of gentrifying areas that have older and poorer residents, like those East Palo Alto, conclude that changes are a negative or positive impact on their neighborhoods? Freeman and Braconi (2004) find that poor renters in gentrifying neighborhoods in New York City are less likely to move than similar renters in non-gentrifying neighborhoods, despite their neighborhood having higher rent. The researchers speculate that despite the higher rent, these poor renters might like neighborhood changes and therefore make an effort to stay.

Revitalization and displacement at the city level (Hodge, 1981) describes a process of winners and losers. The key questions in a study of displacement are why people move, who locates where, and who is forced to move involuntarily. Determining the motivations for residential moves is inevitably a difficult task, partly because movers are uncertain about their reasons or they may have forgotten or rationalized the reason for their move (Hodge, 1981).

Hackworth and Smith (2001) summarize the evolving history of gentrification and examine the changing role of the state within the three waves of gentrification since the 1960s. The first wave was characterized by sporadic and state-led gentrification; the second wave has seen both expansion of and resistance to gentrification; third wave gentrification comes after the recession in the early 1990s and is characterized by strong state intervention. The return of state intervention is not only the result of the expansion of gentrification from central business district to economically risky neighborhoods but is also because of the waning of Keynesian government and the rise of the "entrepreneurial local state" (Harvey 1989).

A limited and precise definition describes gentrification as the rehabilitation of old inner housing areas involving displacement of the working class by the middle class and causing disadvantageous effects on existing low-income neighborhoods (Butler 1997; Hamnett 1984). "Traditional" gentrification usually involves residential displacement within existing housing stocks (Butler 1997; Cameron 2003), while broadly defined gentrification includes housing redevelopment and mixed-use consumption landscapes accompanying it (Smith 1996).

Gentrification is a widely written about topic and it is clear there are opposing views of its impact on and the actual role it plays in low-income and ethnic minority communities. Within the gentrifying process, one must understand that certain populations may view the changes associated with gentrifying neighborhoods in different ways. Given this, it is important to add to the data through studies of more populations, such as that of East Palo Alto.

Chapter 3, Theories and Methods

This chapter provides the theoretical background, as well as the methodological approach for the empirical study of gentrification, displacement and neighborhood change in East Palo Alto. In the study, it is essential to understand the political will behind renewal and reinvestment. Do local governments make development decisions based on revenue or community need? East Palo Alto is reminiscent of urban core jurisdictions that increasingly opt for large scale developments like big box retail stores, hotels, and stadiums that draw visitors from across the region (Rose, 2002). These developments may or may not have the effect desired by community members; however the city may very well be benefiting more than ever before.

As the Bay Area has grown and sprawled into a network of economically interdependent jurisdictions, communities like East Palo Alto, which had previously been de-invested, have become attractive to both residents and developers. Workers who tire of commuting long distances and want to be closer to effective mass transit systems look to move back towards the job market. It is critical to capture the thoughts of people who have come to East Palo Alto as a result of the opportunities they see not only in the city, but in the greater region that the city provides services for.

Housing affordability issues in the Bay Area are significant to this case study and must be further researched. On a national scope, the federal investment in HUD (Housing and Urban Development) and low-income housing programs has declined as much as 60% over the last quarter century. These cutbacks have placed upward pressure on the affordability of existing private units. Increasing restrictions on land development and exclusionary zoning practices make it difficult for the market to produce housing that low-income people can afford. As

household growth adds to demand, the mismatch between the supply of low-cost rentals and the number of households who need them will likely grow.

The availability of quantitative data on gentrification-led displacement is only one of the challenges to documenting and analyzing gentrification and displacement rates. Interpretation of the data is yet another challenge, as evidenced by the discussions between Freeman and Braconi (2002) and Newman and Wyly (2006), as well as Hamnett's research (2003). Therefore, using qualitative interviews data provides the human element in the study of a broader community perspective about development and neighborhood changes.

Using mostly qualitative data, I attempted to uncover the push and pull factors of gentrification. I used quantitative data to explore population trends, employment figures, and median income variations. I used interviews, intercept surveys; primary and secondary sources like media reports and news articles from local and regional newspapers. My key informants are public officials, both current and former, the local population, new home owners, visitors to the city, and neighborhood groups. Interviews will be used to understand the decision making strategies of people moving to and visiting the city. Collecting the information will require my presence in the community. I will attempt to link the business development influx to either a push or pull phenomenon with supporting qualitative data.

Methodology

The following section of this chapter provides an overview of the methodological approach used in my methods research. As in earlier chapters, my goal here is to establish a foundation for the story of development in East Palo Alto.

The research conducted for this terminal project is based on the analysis of both qualitative and quantitative data. The determination for looking at both quantitative and qualitative research is that this approach provides stronger evidence of gentrification and the push and pulls factors associated with it.

Qualitative data was collected in the field in the fall of 2011 and winter 2012 including field observation and unstructured guided interviews. Fifteen in-person interviews of residents, employees of the city and local non-profit organizations were conducted in the months of November, December and January. Several individuals were interviewed over the phone. Interviewees were identified primarily through a 'snowballing' of contacts, resulting in a combination of residents and non-residents. Interviews were conducted in English or Spanish, depending on the preference of the interviewee. I am confident that my analysis of the case study presented in Chapter V is well informed.

As interviews were held in East Palo Alto and East Menlo Park, I took written notes of what was being said by each individual interviewee. The interviews were conducted in a one on one nature to obtain unobstructed or divergent thoughts and ideas. Major themes of the interviews were displacement of families in the Bay/ Highway 101 corridor (where major retail development occurred), influx of new businesses and jobs, changing of neighborhood (both positive and negative) and the promise of more to development to come.

Chapter 4, Historical Background

This chapter will focus on the historical background of East Palo Alto. This chapter also introduces the reader to the changes currently taking place in the city. In order to set the stage for the analysis and conclusions chapters that follow, this chapter also briefly discusses the forces driving gentrification and economic interests for the city during the wave of development.

History

East Palo Alto has a blended history dating back to Native American habitation. The Ohlone (also known as Costanoan) tribe of Native Americans inhabited this area at least from 1500 to 1000 BC. The Ohlone people lived in Northern California from the northern tip of the San Francisco Peninsula down to Big Sur in the south, and from the Pacific Ocean in the west to the Diablo Range in the east (Native American History of East Palo Alto). Their vast region included the San Francisco Peninsula, Santa Clara Valley, Santa Cruz Mountains, and Monterey Bay area. Prior to Spanish contact, the Ohlone formed a complex association of approximately 50 different "nations or tribes" with about 50 to 500 members each, with an average of 200. The Ohlone villages interacted through trade, intermarriage and ceremonial events, as well as some inter-tribe conflict. Researchers discovered that the native tribes used the present day East Palo Alto area a cemetery and camp, rather than a permanent settlement. Along the bayshore and valleys, the Ohlone constructed dome-shaped houses of woven or bundled mats of tule rushes, 6 to 20 feet in diameter (Native American History of East Palo Alto). In hills where Redwood trees were accessible, they built conical houses from Redwood bark attached to a frame of wood. One of the main village buildings, the sweat lodge, was low into the ground, its walls made of earth and roof of earth and brush. They built boats to navigate the bay and marsh lands.

Since the arrival European soldiers and missionaries in the late 1700's, this portion of the Bay Area has been under the control of Spain, Mexico, the United States, and several other squatters. After years of legal actions which went all the way to the U.S. Supreme Court, title was awarded to the heirs of Luis Antonio Arguello, the first native governor of California (Native American History of East Palo Alto). In 1848, a peace treaty was signed with Mexico, and California became part of the United States. The Gold Rush in 1849 influenced the area in several ways. It hastened statehood the following year and drew speculators to the peninsula. One of these was Isaiah Woods, who founded the town today known as East Palo Alto.

Photograph of Isaiah Woods

Around 1849 Isaiah Woods convinced his partners in the Adams and Company bank to invest in a town and wharf at the end of Bay Road. They founded Ravenswood, reportedly named for Woods and the crows that nested nearby. Subdivisions were laid out, and it became the first planned community in what later became San Mateo County (Rigenhagen, 1997).

From the period of the 1850s through the 1940s, East Palo Alto experienced dramatic changes both in industry and demographics. In 1849, Isaiah Woods attempted to make East Palo Alto a major shipping town and named it *Ravenswood*. In 1868, after Woods investments failed, he sold the wharf to Lester Cooley who built a brick factory. When the brick factory closed down years later, East Palo Alto reverted to a farming community (A Blast from The Past: Revisiting the history of Cooley Landing). At the beginning of World War I the north side of East Palo Alto

became a military training ground with only the Veterans Affairs hospital in Menlo Park still in existence (A Blast from The Past: Revisiting the history of Cooley Landing). In the 1940s East Palo Alto was a farming community with many Japanese residents. During World War II, the Japanese were forced to internment camps and they lost their land, belongings, and livelihoods.

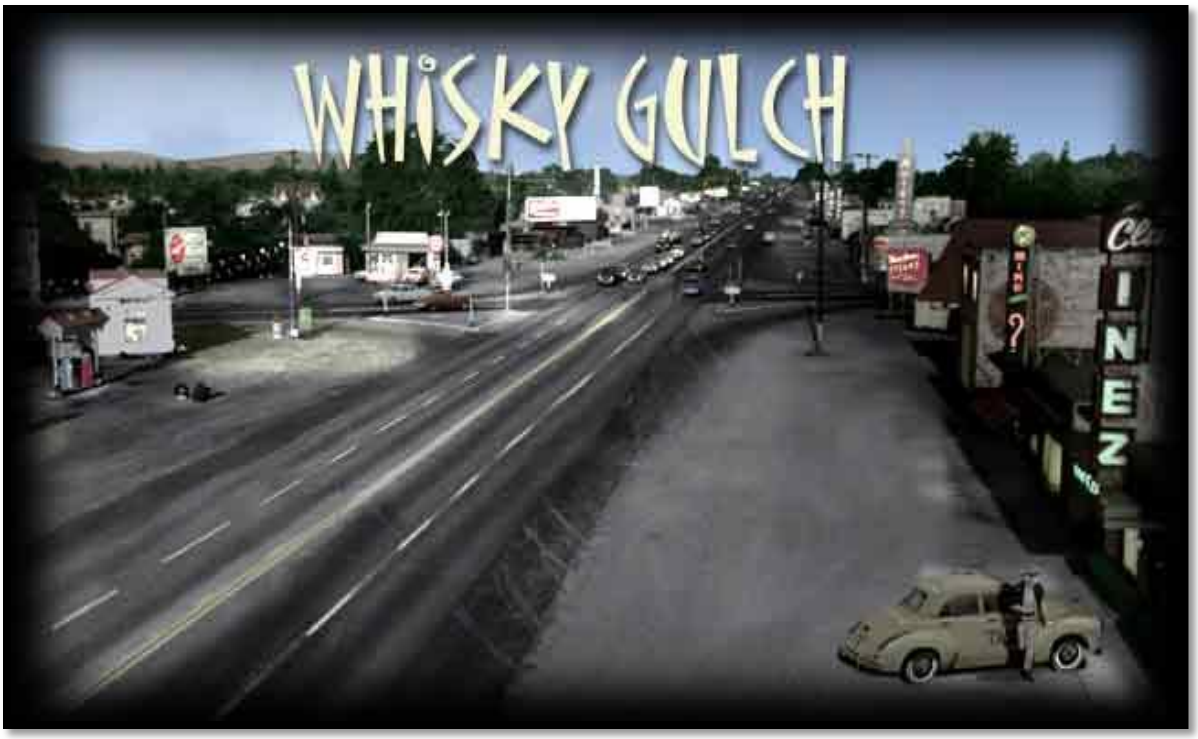
Kavanauahs Farm House. *1906*

The Kavanaughs' farmhouse on Bay Road, currently used by the Community Law Project, was built around 1906. It is the oldest known structure in East Palo Alto today. (Rigenhagen, A History of East Palo Alto, 1997)

Fire Station on University Ave in East Palo Alto, 1922

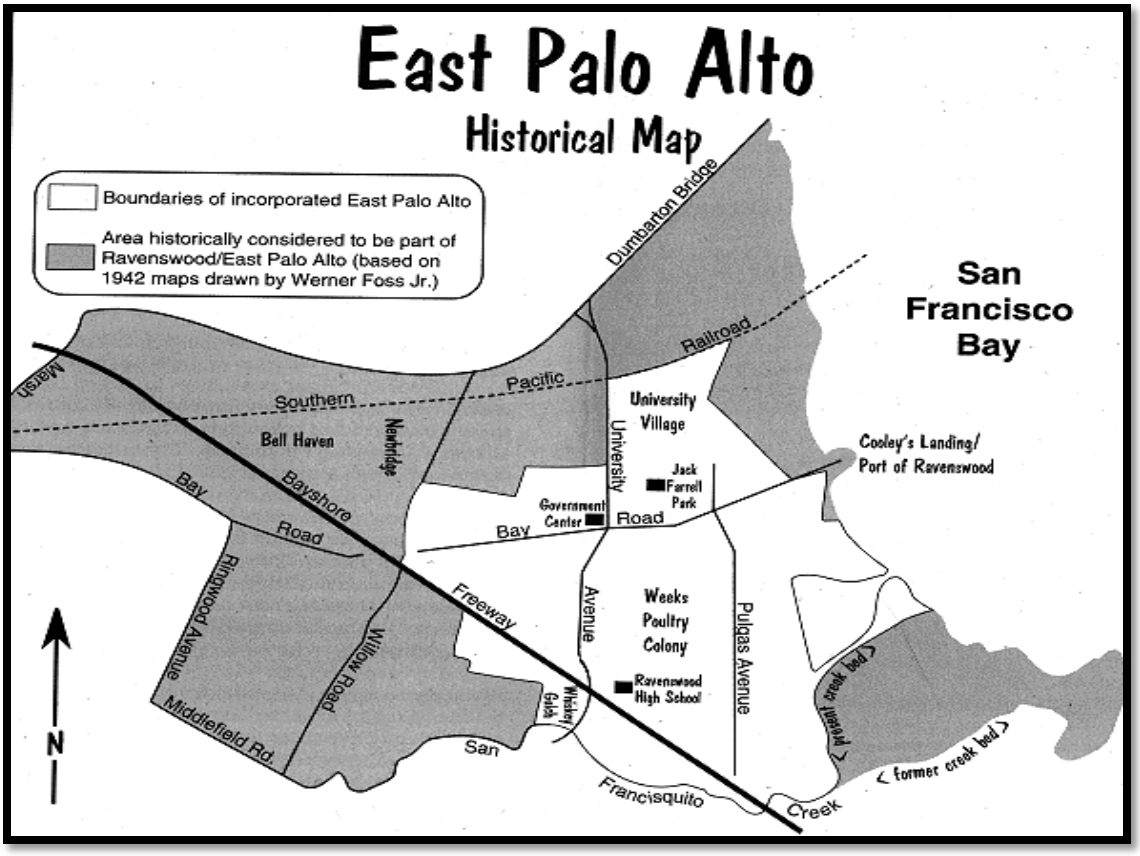
Source: In Menlo, Fire Station 2 groundbreaking recalls a bit of history, retrieved 3/3/12

Photograph of Whisky Gulch



Source: Retrieved, 2/28/12, http://www.paloaltohistory.com/liquor-in-palo-alto.php

In the 1930s East Palo Alto's business district was concentrated along the newly-constructed Bayshore Highway. Once Prohibition was repealed in 1933, several liquor stores, bars and night clubs sprang up, earning one area the name Whiskey Gulch (Rigenhagen, 1997).



Source: (Rigenhagen, 1997).

After World War II, many African-American families settled in East Palo Alto. With the 1950s came a phenomenon referred to as "block-busting." During this time, discrimination and restrictions stopped people of color from buying homes in many communities around the Bay Area. Local committees, aiming to break segregation barriers, frequently helped African American families purchase homes by using a Caucasian "front" person. East Palo Alto was a prime area because prices were lower than surrounding communities and residents were more tolerant, by in large, than in other cities (Rigenhagen, 1997).

In 1963, an article in the *Menlo Park Recorder* described block-busting as an aggressive, targeted real estate promotion which typically began after a black family moved into a white

neighborhood (Rigenhagen, 1997). Real estate agents, either initiating the original sale or merely taking advantage of it, went door to door and convinced residents their property would be devalued by thousands of dollars if they didn't sell immediately. Agents responsible for relocating African Americans displaced by redevelopment in San Francisco offered free bus rides to East Palo Alto The maneuver had the dual purpose of attracting new buyers and alarming potential sellers (Rigenhagen, 1997). Belle Haven, currently of Menlo Park, was one of the early targets of block-busting. A census taken in 1956 showed more than 500 "non-white" families in the area which was about 50 percent of the population. This tactic continued, section by section, into the more established areas of the area for almost 10 years (Rigenhagen, 1997).

From the late 1960s to the early 1980s, East Palo Alto's population remained relatively stable around 18,000. But the percentage of African Americans grew from 25 percent in 1960 to 60 percent in the '70s and '80s, according to census data. Even more significant, in 1969 the area east of Bayshore was 74 percent African American, while the west side was 91 percent white. The almost-exclusively white community of the early '50s dropped to a third of the population in 1969, and then decreased to 12 percent in late 1990's (Rigenhagen, 1997).

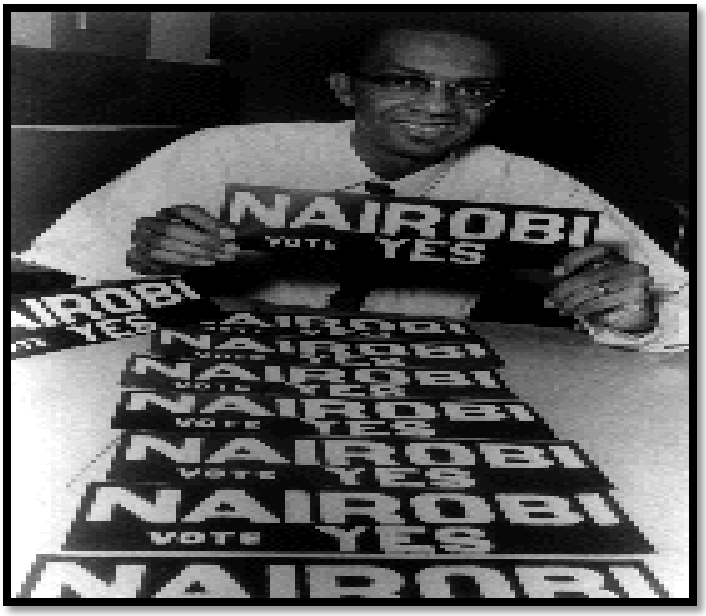
During the 1960's civil rights movement there was a cultural awakening in the community which by that period had become a majority African American area. Young African American community leaders sought to rename the area after the Kenyan capital of Nairobi as a symbol of the then-popular Black Pride and Black Power movements. "With a name like Nairobi," some activists told reporters from the *New York Times*, "everyone will know that we are Black" (Standard, September 28-October 4, 2000 issue of Metro). In 1968, community

residents turned the idea down three to one in a referendum, but several organizations and black leaders continued to press forward with the idea of a black-oriented city.

Nairobi Village Shopping Center, 1960's

University Village Shopping Center was built at the corner of University Avenue and Bay Road in 1957. Never all that successful, it changed hands several times. It underwent renovation in the late 1960s and was renamed Nairobi Village Shopping Center (Rigenhagen, 1997).

Man in support of changing East Palo Alto's name to Nairobi, 1968



In 1968 there was an election to rename East Palo Alto. It was believed that if the voting age had been 18 at that time, East Palo Alto would be known as Nairobi today (Rigenhagen, 1997).

As an unincorporated area, East Palo Alto was governed by the county. Residents complained they had no say in decisions that affected them, so in 1966 county supervisors established the East Palo Alto Municipal Council. Although it was an advisory body, the county nearly always followed its recommendations. The council was made up of one representative from each of five districts, but members were elected by all voters. "To our knowledge, this is the first program of this nature in the United States," San Mateo Legal Aid official Bruce Bailey was quoted in The Review of the News in 1968. "East Palo Alto is an ideal community for this experiment in incorporation and self-government of a minority area." Among those to serve was Willia Gray, who was later honored as the country's first African American woman mayor.

Demographics in East Palo Alto

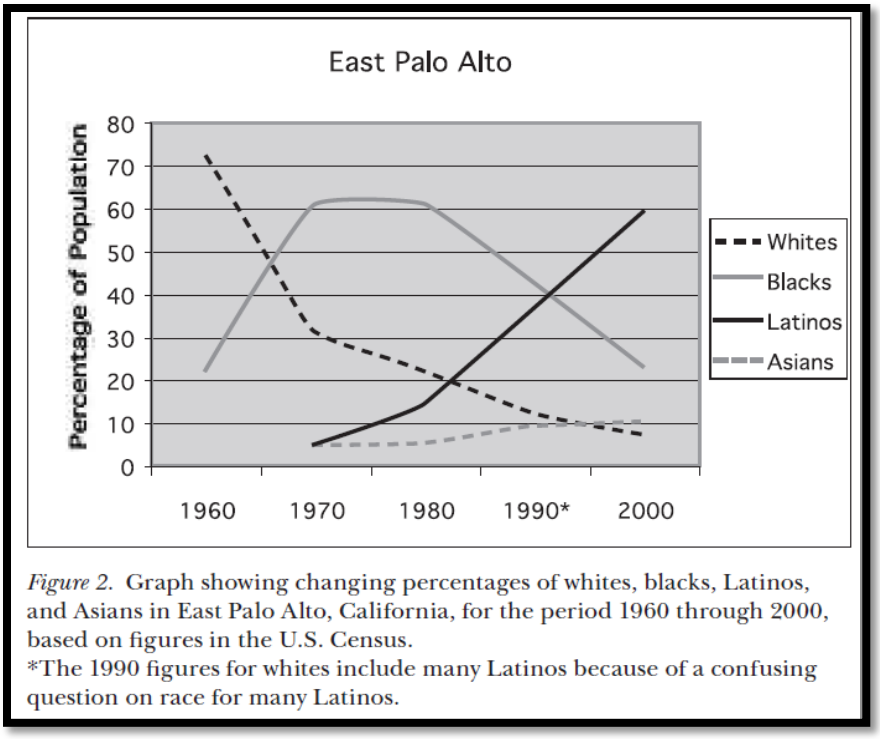


Figure 2. Graph showing changing percentages of whites, blacks, Latinos, and Asians in East Palo Alto, California, for the period 1960 through 2000, based on figures in the U.S. Census.
*The 1990 figures for whites include many Latinos because of a confusing question on race for many Latinos.

Cities of Color: The New Racial Frontier in California's Minority-Majority Cities
Author(s): ALBERT M. CAMARILLO, Source: Pacific Historical Review, Vol. 76, No. 1 (February 2007), pp. 1-28

When the African American labor force didn't adapt to the emerging high-tech industrial economy, East Palo Alto gradually became notorious for crime, violence and poverty. In the 1980s, an influx of Latino and Polynesian immigrants seeking low-income housing moved into East Palo Alto. The arrival of many Latino families changed the social economic makeup of the city as well. Many Latinos were new immigrants from Mexico and El Salvador who were not highly educated and were relegated to jobs such as nannies, janitors, day laborers, gardeners, and house cleaners. In 1992, the city held the infamous distinction murder capital of the U.S. with 24,322 people, and 42 murders, equaling a rate of 172.7 murders per 100,000 residents (East Palo Alto regarded as 'drug haven, 2002). Since that year, the city's crime problems have subsided, and the murder rate in particular has declined to a typical urban level. Due to the stigma of violence and poverty, the prosperity that benefited the Silicon Valley during the dot-com boom of the late 1990s largely bypassed East Palo Alto.

View of East Palo Alto's University Avenue

Source: city-data.com

University Avenue serves as the area's main thoroughfare. It is one the major connections between the East Bay and the Peninsula linking the Dumbarton Bridge and Palo Alto.

Significant economic development occurred in East Palo Alto around the year 2000, with the construction of a large shopping center named Ravenswood 101 and several upscale housing communities. Another major development occurred several years later across Highway 101 freeway with the construction of University Circle, a business complex highlighted by the Four Seasons Hotel. This was once the location of the East Palo Alto downtown district that included a number of locally owned businesses. This development faced opposition from local residents. Some residents charged that it served to price locals out of one of the region's only affordable communities while providing only low-paying jobs in the retail developments and consuming a disproportionate amount of the city's 2.5 square mile land area.

Since 1992, the community has steadily tried to rebuild its reputation as livable and culturally diverse city. Both the public and local officials have had a major role in countering gang violence, illegal drugs, and the deteriorating school system. Some of the most glaring

developments have been socio-economic shifts in the population, an increase in the median income, an increase in rental prices, and a decline in the proportion of racial minorities; all signs of the gentrification occurring in East Palo Alto.

Beginnings of Redevelopment

In 1969 San Mateo County's Redevelopment Commission formed the forerunner to East Palo Alto's Redevelopment Agency. Since that time there was little physical development of East Palo Alto until 1999. Redevelopment areas included: Ravenswood Industrial Park; Four Corners (the intersection of University Avenue and Bay Road); University Circle, also known as Whiskey Gulch; and Gateway 101, which runs along the east Bayshore frontage road and includes the former Ravenswood High School (Rigenhagen, 1997).

In 1976 there were plans for an elaborate 450-berth marina next to Cooley's Landing, and the strip was de-annexed from Menlo Park. Setbacks with the economy and the developer killed the project in the 1980s. There was even talk of building a stadium for the San Francisco Giants in the Ravenswood Industrial Park in 1988 (Rigenhagen, 1997). Two major redevelopment efforts were DeMonet Industries' attempt from 1988-93 to build twin office towers at University Circle and Sun Microsystems' 1989-91 bid to develop the Ravenswood Industrial Park. After multi-million dollar investments, both proposed projects fell through for basically the same reasons: an economic downturn, divided political support, legal challenges, and organized opposition from businesses and residents who would have been displaced (Rigenhagen, 1997). In 1988, the Gateway 101 area was targeted to become an auto mall before city officials switched their position to offer more of a balanced retail hub to city and those communities surrounding East Palo Alto.

University Apartment Buildings in East Palo Alto

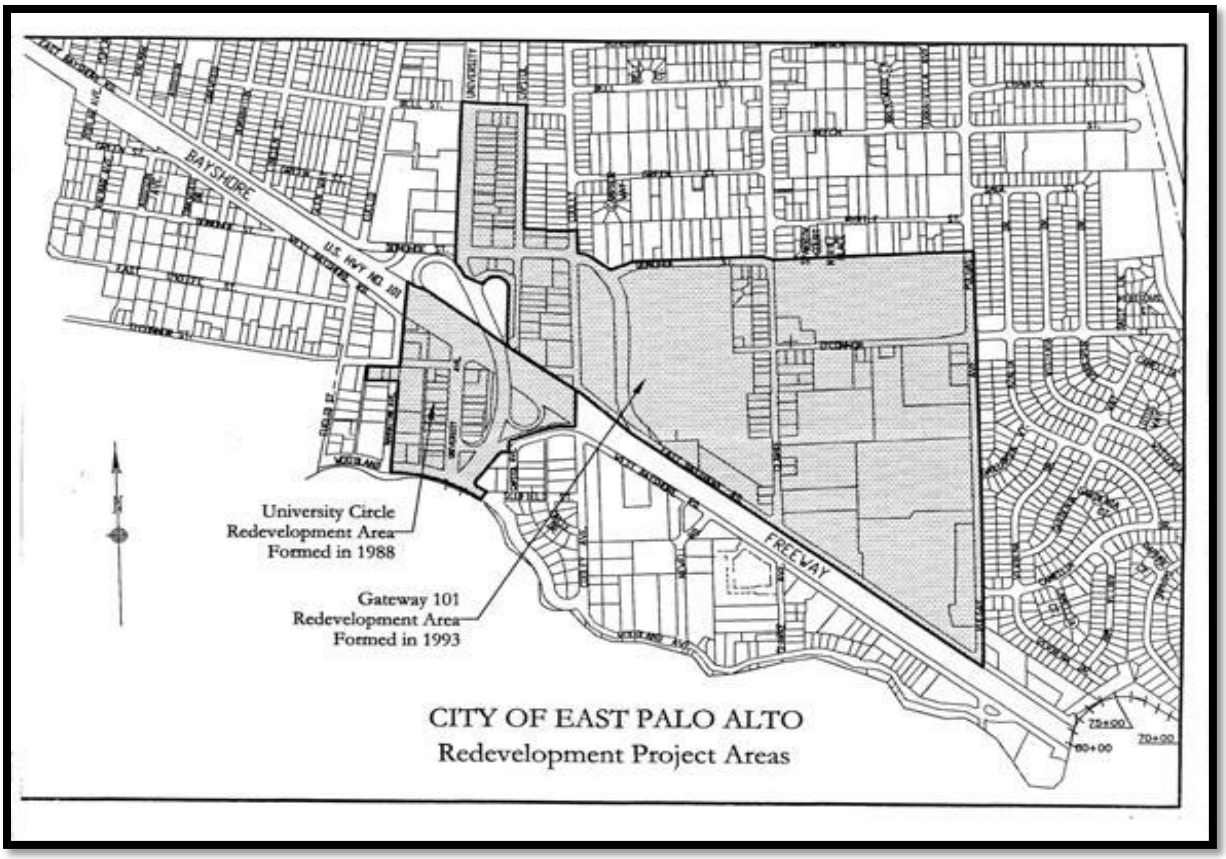
Source: 2330 University Avenue 110 East Palo Alto CA

University Square apartments and condominiums were built in the early 2000's. These units serve residents who are young professionals and/or those residents with small families. The majority of residents here recently moved into the city in the past decade.

In the early part of the 1990's Developer David Taran began buying old apartment buildings, single-family houses, land, duplexes and even a store in East Palo Alto. Backed by $243 million from Wachovia Bank and $100 million from the California Public Employees' Retirement System, the middle-aged lawyer kept a color-coded map of the 140 tracts he wished to buy. All of the properties sit in tight clusters north and south of East Palo Alto's star redevelopment, University Circle, home to a Four Seasons Hotel and restaurant and four office buildings. University Circle is also adjacent to Palo Alto, "one of the South Bay's most exclusive communities with pace-setting real estate values" (Simonson, S. "'Radical Gentrification' in East Palo Alto", *The Registry*, 2009). The Four Seasons of Silicon Valley in East Palo Alto was built in 2005.

During a 2007 court hearing involving a former Page Mill real estate agent, opposition counsel Ron Rossi described the company's plans as expansive. According to Rossi, Page Mill sought to buy properties for a full half mile north of University Circle up to the Menlo Park line and a full half mile south to the border of East Palo Alto. Later in the same hearing, he tells the court, "The deal as I understand it, when complete, will be a $1.6 billion acquisition." Page Mill's attorney Jeffrey Brown of Los Angeles law firm Pircher, Nichols & Meeks did not contest Rossi's characterization. Brown described Page Mill's goal in East Palo Alto as creating "an assemblage or collection of various properties for development purposes." A sampling of the property bought and the prices Page Mill paid for the East Palo Alto parcels also suggest that Taran had other intentions than simply buying and holding a cluster of aging rental properties (Simonson, 2009). According to San Mateo County tax records, his purchases include raw land and a neighborhood convenience store. One of his first acquisitions was a 600 square-foot house built in 1926 and situated on 12,000 square feet of land. He paid $1.55 million, or a little shy of $130 a land foot, for the site. That is well above $5 million an acre, lofty even by Silicon Valley standards. Other land prices were even higher.

University Circle and Gateway 101 Project Areas



Source: City of East Palo Alto

An early rendering of the proposed development projects in East Palo Alto shows major activity occurring around Highway 101. The lure of visitors to the city was an appealing prospect to developers and city officials alike.

View of Ravenswood 101, December 2005

Source: Transferred from en.wikipedia to Commons by User:Kelly using CommonsHelper.

Chapter V, Results

This chapter focuses on the results of interviews with public officials, non-governmental non-profit agency representatives, and the general public of East Palo Alto. I also use secondary sources such as local newspaper articles and online publications like the *Palo Alto Weekly Online* to augment describing the situation during its critical points in time. The data will be discussed at length and will help reach conclusions with respect to the consequences of gentrification and the push and pull factor in East Palo Alto.

By the research presented, economic investment has created significant changes for East Palo Alto. The new Ravenswood 101 center and accompanying condominium developments are a mark of how far East Palo Alto has developed since the late 1990's. The presence of retail stores like IKEA, Circuit City, and Best Buy have attracted numerous visitors from surrounding communities and have created a job base that the city has never had in its brief history. But is East Palo Alto paying a price for its success?

As mentioned in Chapter IV, gentrification in East Palo Alto did not take off until the early 2000s, when it was fueled by the building of the Ravenswood 101 Project. The city, although often thought of as a predominantly minority area, was widening its demographic profile to include artists, creative professionals and expanding young families. The outcome is a new vibrant layer alongside the existing intimate community.

Moreover, the number of rent controlled and rent stabilized units has been declining with the number of condominiums and multi-family units rising since 1999. These changes indicate a shift in the housing market. The stock of affordable housing is being chipped away each time a

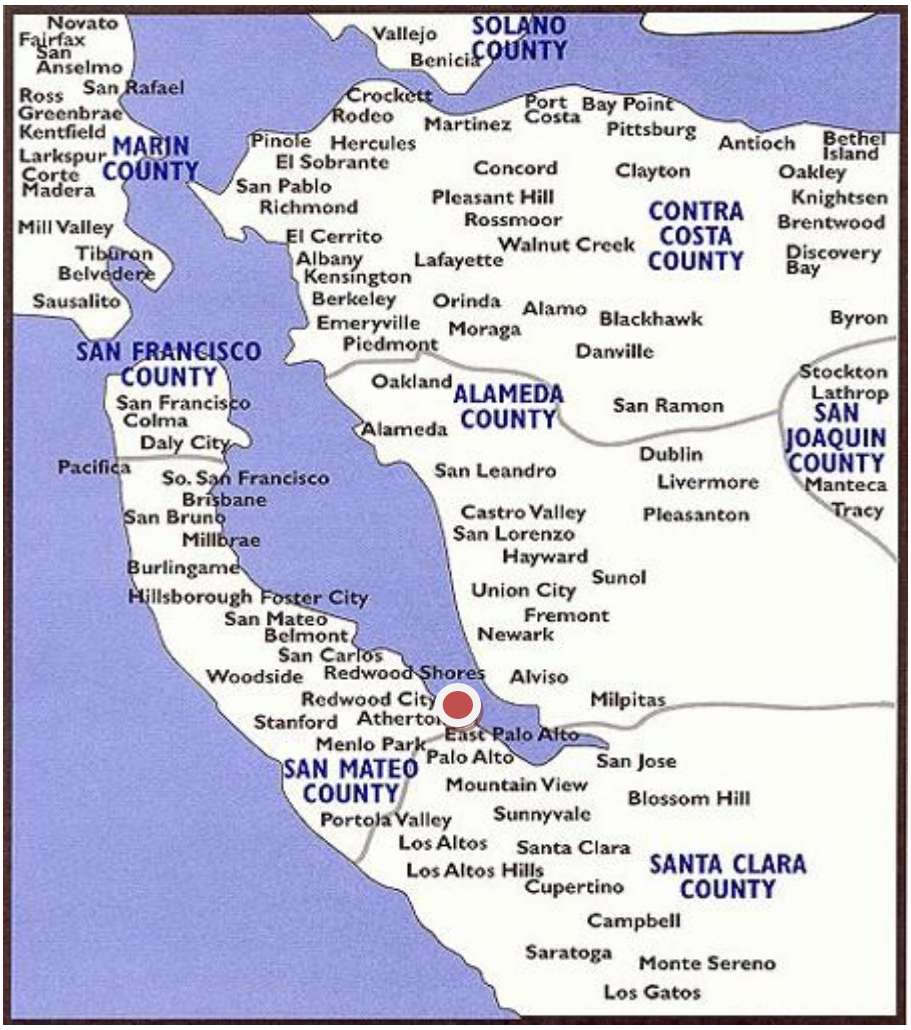
new condominium is built, often utilizing laws that were meant to protect the affordable housing stock.

Positive Effects of Development

In 1999, East Palo Alto was the overlooked city in San Mateo County. According to the earlier market analysis: While neighboring cities have ridden the wave of high tech research, development, and manufacturing to achieve ongoing business investment and development of high income residential neighborhoods that continue to increase in value, East Palo Alto is a lower-income city that has faced ongoing challenges of real and perceived crime, struggling finances, and less adequate services and infrastructure. Perceptions of the city that reflect these challenges have discouraged interest by developers; redlining (and abandonment) by financial institutions have left East Palo Alto to struggle for financial viability (*Market Demand Analysis for Ravenswood District*, East Palo Alto, CA, February 2009).

Michael Kahan, Associate Director of Stanford's Urban Studies program sees promise in the city's current push. When East Palo Alto incorporated in 1983, he said, it did so because the community felt ignored and disrespected by San Mateo County. The city hoped it would better be able to provide basic services like police protection and roads to its resident. "For the first twenty years, they really struggled because they had no money with which to do that," he said. "I think they may have started to turn that around" (East Palo Alto New Land Use Map, Peninsula Press, Feb. 2011).

Bay Area Map



Source: http://www.baywideglass.com/service_areas.asp

East Palo Alto is located in half way between San Francisco and San Jose. With access to the East Bay via Dumbarton Bridge, it is prime location for many residents and businesses of the Bay Area.

Ruben Avelar, now of Jobtrain, says the loss of East Palo Alto's neighborhood feel and tangible change started in the early 1980s, when 40,000 cars a day started coming through the city down University Avenue. Now, an upward economic trajectory has led to the conversion of old factory buildings into condominiums, the construction of new office towers and an influx of young professionals from neighboring communities looking to East Palo Alto as one of the last affordable cities on the peninsula. "We're not experiencing anything unusual. We're the last bastion of affordable housing and underdevelopment. We are it and we're like a gold mine,"

Avelar said. "We're sitting in the belly of Silicon Valley and we have to be part of the growth, development of the area. We can't be in the depression mode we have been in for years," he said (Wax, H., *Wave of development engulfs East Palo Alto*, Palo Alto Weekly, 2000).

"Racial dynamics, poverty, and crime allowed it to exist as a pocket left alone, but I think that with the market pressures so high now, people don't care (about those problems)," said Carl Anthony, executive director of the Urban Habitat Program, a nonprofit that works to keep housing livable and affordable. "Many involved in the information explosion are young people who don't care about much other than their computer screens" (Wax, 2000).

Negative Effects of Development

According to city officials, many new homebuyers in East Palo Alto are not born in the city and thus have no neighborhood ties. Ruben Abrica, the current Vice Mayor of East Palo Alto, explains, “New residents in the city are coming from all over the country, moreover, all over the world because of the (silicon) Valley’s jobs, and are not as engaged into community issues as I’ve seen in years past” (Abrica, 2012). Other interviewees stated that East Palo Alto has become somewhat of a bedroom city where people commute to and from but do not necessarily spend their time and money in the city. Mrs. Lopez of El Concilio of San Mateo highlights the perfect placement of the city actually hurts its local economic value because “people can get anywhere in the bay area from East Palo Alto in 30 minutes! East Palo Alto is not a foodie destination just yet” (Lopez, 2011).

A member of St. Francis of Assisi Church in East Palo Alto described the housing situation as a manipulation of city government. T. Larios thinks the city is behind the actions of

changing entire neighborhoods to promote a standard that reflects the values of East Palo Alto's neighboring cities, as opposed to those of East Palo Alto. Larios explained, "Every day I see people getting into their cars to go to the park in Palo Alto, meanwhile, you have perfectly available parks that offer the same within the city limits, but a lot of the 'new' people are still afraid of hanging around folks like us" (Larios, 2011).

As business in Silicon Valley booms, the great movement is outward, to neighboring cities, to look for housing. In East Palo Alto, the average household income is below $34,000 and according to 2000 census figures; the percentage of residents who did not go to high school is equal to those who have graduated from college. A shift comes with the influx of a new class that is more educated, more highly skilled and more highly paid. The biggest losers are the lower-wage workers already there those who earn below the Bay Area's $70,000 average income. "Now we're looking at a new type of resident, upwardly mobile and educated. Not blue-collar workers, but people in high-tech, who are making good money and have a stake in where they live," Avelar said (Wax, 2000).

Pricing Out

Hispanics, the majority Mexican and Central American have been the most affected group, largely because of the city's two redevelopment projects. According to Carol Lamont, a housing official who works with city officials and community groups, almost 80 percent of the households displaced by the redevelopment projects have been Hispanic. The city has also lost African-American residents in recent years as longtime homeowners sold their homes and benefited from the appreciation in value. Those who had property in East Palo Alto found themselves accidental entrepreneurs. The inexpensive space they bought years ago for cheap is

now desirable property. Omar Ortiz, a 29 year old real estate agent and resident of East Palo Alto, said he has contemplated moving out for several years. “I just can’t afford to live in my hometown; it’s difficult to have to move away from my family. This city is all I’ve known” he stated.

Daniel Jesus moved with his family to Mountain View after failing to find housing in East Palo Alto. Jesus, who worked as a property manager with his wife, had lived in the East Palo Alto for 18 years. "It just doesn’t work for me to live there," he said. "It’s my home town. I see the potential, I’ve seen the potential for growth and opportunity for awhile, it’s just too bad I can’t take advantage of it" Daniel Jesus, 2012). “The fear of many people in the community is that local residents will be left out the economic environment that is improving – meaning displacement,” he says. More than 700 people were displaced by the Ravenswood 101 project, largely from two large apartment complexes that were torn down. The two apartment complexes were predominately Hispanic-family occupied.

New Development that replaced apartment buildings

Source: Homegain.com

The eastside of the Gateway 101 Project, these new structures hold a dental office and several restaurants. The Firehouse restaurant has become a popular hangout for sports fanatics in the city.

Stewart Hyland, a long time resident of the city and now member of the board of directors for a new non-profit organization named *Making It Happen* in East Palo Alto, describes the housing situation as increasing more out of reach, especially for the younger generation. He and others have family members who have moved to the California's Central Valley, places like Tracy, Manteca, Ripon, Stockton, and Modesto. He sees hope in improving the city's economic health with development and policy changes affecting crime reduction, but the city has become largely unaffordable to young people and their new families. Moreover, Hyland states, as the current generations grow older, with close family ties persisting in Latino families and households, many of the older residents will eventually move out and join their children/ relatives soon after they retire (Hyland, 2011).

Four Seasons of Silicon Valley in East Palo Alto (formerly Whisky Gulch)

Source: Retrieved 3/3/12, Hotel-rates.com

The Four Seasons Hotel was opened in the early 2000's. It's become a symbol of significant change that has occurred in East Palo Alto since the early part of the decade.

Homegrown businesses are also forced to seek space elsewhere when redevelopment occurs. Three Brothers Tacos has been forced to relocate because of the Dumbarton redevelopment. J's Fish and Seafood and *True Value* Hardware are also now out of business. And both Century 21 and Nina's Nails, previously in Whiskey Gulch, had to move to Menlo Park. "These businesses, that were part of the city, that were really ours, are going away. McDonald's employs people, but it's bland. You could see it in different cities," Hyland said. "The businesses should reflect the people that live there," Hyland said (Hyland, 2011).

The Effects of Acquisition

The significant economic changes are troublesome to a number of city officials who have advocated for several programs to try to maintain the city's supply of affordable housing. Former mayor, Sharifa Wilson states, "There are a lot of factors affecting gentrification. Black

homeowners are reaping the benefits. They're seeing the opportunity to cash in and move somewhere else. But there's also evidence that (blacks) can't get loans to keep buying homes here." (Wax, 2000). The city, in fact, has sued Washington Mutual Bank for alleged discrimination in the home loan policies of one of the bank's predecessor institutions. To counter the trends, the city hoped to have more housing built in the community, including apartments affordable to lower-income families. "We wanted to continue develop strategies to put people in home ownership positions," Wilson said (Wax, 2000).

In October 2011, Wells Fargo Bank planned to sell half of East Palo Alto's low-income housing to a real estate company, Equity Residential, whose founder is a billionaire opponent of rent control. The city of East Palo Alto's mayor and City Council, tenants, affordable housing groups and the pastor of the city's Catholic Church all oppose the sale."We're trying to stop the sale, which is like standing in front of a train," said Father Lawrence Goode, a priest at St. Francis of Assisi Parish in East Palo Alto. "They intend to come in and gentrify" (Schmalz, 2011).

The city favors a sale to multiple buyers rather than one owner, said East Palo Alto Mayor Carlos Romero. "My main concern with any purchaser is I don't want to give anyone that much control in my city so that when I sit down at the table it is an unbalanced equation," said Romero, who said he is not concerned about Equity founder Zell Associates in particular. "Wells Fargo has every right to sell this property to whoever they want" (Schmalz, 2011). Zell, the real estate investment company was founded in 1969, and owns more than 160,000 units nationwide. It advertises its units as luxury accommodations asking from $2,000 to $2,500 for two-bedroom apartments in Daly City, Foster City and San Mateo.

The majority of the rent-controlled Woodland Park units are located on the west side of

U.S. 101. East Palo Alto's downtown in an area that is prime for gentrification, with high-density zoning already in place, said Mark Moulton, executive director of the Housing Leadership Council of San Mateo (Schmalz, 2011). "Those 1,800 units represent about 15 percent of all affordable housing in the county," said Moulton, in an area that lacks enough housing for its working class residents. The Housing Leadership Council is a coalition of over 40 community organizations whose mission is to see that more affordable housing is built in San Mateo County and to preserve existing affordable housing. Rent control makes the small town affordable in an area bounded by the Silicon Valley communities, Father Goode said. The town has affirmed rent control six times against challenges and via referendums, most recently in 2010 by 79.6 percent, said Romero.

Romero said he won as mayor in 2008 by spending about $2,000 of his own money and going door to door. Someone willing to spend more money might sway enough voters to change the makeup of the city council and perhaps allow demolition, he said. "The political winds in any city change quite abruptly, in four or five years you might get folks on the council who will say, `yeah, it makes sense to gut the west side'" (Schmalz, 2011). Romero said Equity officials told him in discussions prior to the deal that they planned to hold the property from one to five years and then gentrify. Moulton stated that even without any specific action, economic pressures may yield vacancies of about 200 units a year, essentially allowing the company to go forward with creating higher density housing and renting to more affluent residents (Schmalz, 2011).

Consider the two major development milestones for East Palo Alto in recent years: In 2003, a shining new Four Seasons Hotel opened up along Freeway 101; but it replaced what had been the city's only semblance of a downtown gathering space, the Whiskey Gulch area. When a Big Box shopping complex rose up across the freeway, redevelopment agency officials touted

the 300 to 400 jobs they said have been claimed by local residents (James, J. East Palo Alto hopes new land-use map will attract developers, pave way for smarter growth, Peninsula Press, 2012). But there are not many locals who are navigating the insides of IKEA in search of the elusive furniture.

Anna Turner, a 27-year-old program director for Youth United for Community Action, an environmental justice organization, is a lifelong resident of East Palo Alto. She says the city's neighborhoods are already overrun with Silicon Valley workers trying to avoid the larger streets such as University Avenue that connect Silicon Valley with the Dumbarton Bridge heading towards the East Bay. "University, which connects 101 to 84, has over 30,000 drivers during peak hours. It gets so packed drivers will take side streets, ignoring traffic signs, making life hard for residents." Though young, Turner is a veteran of East Palo Alto's organizing history and well versed in Environmental Impact Reports, land-use issues, and more recently, housing and tenants rights (Domingo, 2012).

Data from interviews in this chapter lay a foundation for my final analysis summarized in the concluding chapter of this project. By examining news articles and conducting various interviews with long time residents, I can see that gentrification started to take root in East Palo Alto as early as 1999. To strengthen the evidence of gentrification, I looked at pull factors from the city's inducing forces of the Ravenswood 101 project and University Square. Lastly, the incorporation of my interview data provides a unique glimpse into the gentrification coping strategies, be it staying in place and trying to fight the changes in the city for the past decade or getting displaced altogether. The following chapter ties together all factors influencing East Palo Alto and provides answers to the research questions presented in the Introduction.

Chapter VI, Conclusions and Recommendations

This chapter summarizes the findings of my research and provides answers to the research questions posed in the Introduction: What combination of push factors- external forces, and pull factors-from local government leadership, have made East Palo Alto what it is like today? To what extent have the city's development practices led towards gentrification, as opposed to outside factors determining the economic fate of East Palo Alto? If gentrification is occurring, what are the impacts on established long term renters, homeowners, and merchants? Are they encouraged or discouraged by recent change?

Push and Pull Factors

East Palo Alto has changed dramatically since major development began in the late 1990's. The emergence of the 'entrepreneurial local state' (Harvey 1989) influenced the direction of which East Palo Alto would take. Local officials saw that the incorporation of a tax base economy and a new city center would viewed as a sign of progress and continued rejuvenation of the city. The development projects that included Ravenswood 101 and the Four Seasons of Silicon Valley Hotel were the major pull factors that brought a new business approach to the city, while remaking parts of the city that had been previously been seen as blighted. Redevelopment needed to occur in order to capture the economic wave that was engulfing the region.

It was apparent that development, and the accompanying tax base, was critical to the city's survival. East Palo Alto's political leadership fostered the development practices and

eventual gentrification of the city to change it future economic prospects. The city needed a facelift after years of negative press due to gang violence. The extent to which the city's development practices led more towards gentrification than outside forces is difficult to argue because the capital investment in the city was not present during much the 1980's and 1990's, meaning development would not happen if there was no demand. The demand for shopping options like IKEA, Home Depot, and Best Buy as well as a more multi-family housing came from outside push forces that led the city to act as the supplier of these services.

East Palo Alto is surrounded by some of the wealthiest communities in the country. Its safety and crime concerns have kept land prices low and homes at a relatively affordable level. According to Trulia.com, the median price of a home in East Palo Alto during 2011 was $260,000. Compare that same period with surrounding communities like, Menlo Park where the median home price was $475,000; Mountain View was $686,000; and Palo Alto was $915,000. East Palo Alto truly was and currently is one of the last bastions of affordable housing in the Silicon Valley. This remains an impactful pull factor for the city.

The economic climate of the late 1990's, particularly the high-tech sector in Silicon Valley, was a major push factor. The location of the city was seen as advantageous due to its proximity to the Bay Area's three economic centers: San Francisco, San Jose (Silicon Valley), and to a lesser extent, Oakland. The city also is located a few miles away from one of the country's foremost leaders in innovation and technology, Stanford University. While other nearby cities may have been seen as more appealing to live and work, considering the reputation of violence and poverty in East Palo Alto, they were also pricing out many new renters in the

area. Prospective renters found an opportunity to live in a community that was diverse, located near strong economic centers, and, importantly, affordable.

Impact of Development

What is known is that benefits have certainly surfaced because of gentrifying forces in the city. Residents of the Peninsula now have incentives to come to East Palo Alto. The city has prospered by establishing itself as retail destination for a number of surrounding communities including its more affluent neighbor, Palo Alto. The growth may be seen as unprecedented for East Palo Alto, a kind of middle-class rejuvenation. Others, particularly those that have witnessed economic development at a cost both of resident displacement and the uprooting of local businesses, contend that the city significantly less welcoming to its current population.

As the area becomes more attractive in offering services, improving infrastructure, and redefining its image, those with capital will get lower priced homes in a region offering little financial relief to middle class families. What could those currents residents East Palo Alto get? Those who stay get to find themselves in a seller's market, with expanded access to good and services and a city no longer experiencing high rates of gang-related crime.

The findings discussed in this final chapter and throughout the terminal project, indicate that East Palo Alto is rapidly transitioning from a predominantly African American and Hispanic city in to a more heterogeneous city reflective of the overall population of the Bay Area. On the one hand, gentrification is quickly spreading through East Palo Alto causing some displacement of the residents, while making those owning a home the beneficiaries. East Palo Alto's gentrification also has lead to exclusionary displacement, making it prohibitive for low-income persons, especially immigrants, to now move into the city. Many long term residents and city

officials disapprove of the rapid change in the community while new residents view East Palo Alto as an accessible city that will eventually outgrow its unlikable designation of a poor, crime-ridden community.

The unique identity of East Palo Alto as a distinctive section of the Bay Area may eventually be lost. Many of the long time African-American residents of the city have already been displaced. New residents see the community as a growing city with distinct advantages, the most important being location. The development is a double-edged sword for the city. It has long since battled the perception of gang-infested neighborhoods and a stigma of poverty. Its solution was to re-invent itself as a welcoming place for new residents and large retail commerce. The city may be unrecognizable in several years for many of those returning to a place they originally called home, which could be a source of optimism or lament depending on who you talk to.

Policy and Further Research

Given changes in the regional economy, cities are at a constant risk of being priced out by another locality in the race for capital, and they often find themselves controlled by large corporations. Faced with the lack of federal redistribution policies, cities are forced to attract investment and development with creative strategies (Leitner 1990). For many cities such strategies are a matter of survival. That is why cities increasingly provide corporate capital and investors with tax incentives, low interest loans and loan guarantees (Leitner 1990). Therefore, it is not surprising to see plans such as Ravenswood 101 be approved. .

According to Hackworth and Smith (2001) the first wave is gentrification is characterized by sporadic and state-led gentrification; the second wave of both expansion of and resistance to gentrification, and third wave gentrification that came after the recession in the early 1990s and is characterized by strong state-led gentrification Lees, Slater and Wyly (2007) argue that a

political attitude is representative of a new fourth wave gentrification where the interests of the wealthy are protected "combined with a bold effort to dismantle the last of the social welfare programs" (p.183). Moreover, both third and fourth wave gentrification models claim that areas farther away from the urban core become gentrified. Further study needs to go into the effects these are having on East Palo Alto and the greater San Francisco Bay Area.

Recommendations for the Future of East Palo Alto

East Palo Alto is a community that has changed significantly during the last 15 years. Many newer residents are seemingly unaware of the dramatic changes now underway in the city. These are the people who have worked extremely hard and have finally reached their dream of homeownership. However, despite their economic success, many are poorly educated, have minimal English language skills and are very much dependent on East Palo Alto's service sector. Many are unsure and unaware of their rights that their fear keeps them silent.

Even though in the past East Palo Alto's residents organized as a community to prevent some of this rapid redevelopment, things have changed. The decreased resistance is yet another reflection of third-wave gentrification. There are several stakeholders involved in the changes East Palo Alto is going through and each has a different stake in the city. For developers, the situation may be ideal due to the lower cost of land compared to other parts of the Bay Area and its strategic location. But for some current long-term residents, it may be something totally different. Apart from being at risk of displacement, they are facing increased pressure to keep up and adapt to so many changes in their community.

What should happen in East Palo Alto to alleviate the economic issues now and in the near future is to create a Strategic Plan. It can potentially be a 10-Year Strategic Plan to accommodate the rapid change of this community. The goal of the plan would be to create a unified vision of East Palo Alto maintaining a focus on the role its citizens play in shaping the city for what they want it to be. The city, most likely the city council, should make it a priority to reach out to the varied ethnic communities of the city and target staff and officials to speak directly to and engage the people they serve. The utilization of already established community development agencies like *One East Palo Alto, EPA Can Do, Making It Happen,* with the assistance of local churches and others would be instrumental in promoting the participation amongst the public. The welcoming of diverse voices, newer and older residents, and public officials would ensure a representative vision of the community. The Strategic Plan should be founded on the proposition that citizens can agree on the vision of the city and that people can readily accept and respect disagreements on implementation as legitimate differences of opinion.

The Strategic Plan should also focus on East Palo Alto's impact on the regional economy. With the development of Ravenswood 101, people from surrounding communities have come to spend their money in East Palo Alto. With even more available land to develop, the potential for new businesses is well within reach for the city. With the influx of a tax base economy, the city and its citizens should look for opportunities to retain and expand its tax base by collaborating with its citizens to figure out what they are in need of. With the opening of the *Mi Pueblo* Supermarket in 2008, an important need was met. Access to goods was one of the key issues people described as lacking in East Palo Alto for many years. Several interviewees suggested more opportunities for children and young adults in the community. Nevertheless, East Palo Alto

should continue to develop ways to integrate within the region and keep itself economically viable for years to come.

APPENDIX A

INTERVIEW QUESTIONS

1. What was your recollection of East Palo Alto before the year 2000?
2. What are your thoughts about the city in the present day (ten years later)?
3. What do you believe to be the community vision of East Palo Alto?
4. Who are the major employers in the city? Do most residents work in or outside of the city?
5. What has the city of East Palo Alto done to attract new visitors? How has the city responded to meeting the needs of current residents?
6. What are your thoughts on the neighborhood changes and additions (e.g. new development)? Would you characterize it as positive or negative?
7. What are the major factors for you living and/or working in the city? What are the advantages of living or working in the city? What are the disadvantages of living or working in the city?
8. What has the city's development of the Ravenswood 101 shopping center and apartment complexes meant to you?
9. Do you believe the city's development patterns were influenced by what was occurring in neighboring cities?
10. Have you been informed of new development plans that the city has engaged in during the last 5 years?

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